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# Attracting Mobile Game Users in Foreign Markets

Case study: The Russian Mobile Game Market

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<p>As indicated by the title, the purpose of this thesis is on the methods which aim to assist mobile gaming companies to attract players on a foreign market. <i>Rebound Mobile</i> through many years of experience in the mobile gaming industry noticed a trend that well-developed companies tend to restrain their expansion to other markets due to the lack of market knowledge.</p> <p>In-depth interviews were conducted as a part of qualitative research. The data was collected by interviewing representatives of two Chinese companies which successfully entered Russian market with the help of well-structured marketing campaigns. The same questions were used to identify if there was a similar pattern for both companies in attracting Russian audience.</p> <p>The results of the interviews demonstrated that both companies conducted market analyses to get a better understanding of market environment. In addition to this, the serious research was carried out to determine the target audience and their behaviour. The marketing campaigns were designed accordingly. All respondents indicated that with the help of local specialist they were able to recognise the best marketing channels that were specifically applicable to the target audience and demonstrated high performance. Local marketing channels were considered as the most effective and helped to increase the number of players from this market. In addition to this, both interviewees indicated the greater influence of localization and product adaptation on consumer behaviour and decision-making process.</p> <p>In overall, the results revealed that there are no generalized guidelines that marketers have to follow to attract users on the unknown market. However, the theories and concepts explained in this work, should help the companies to understand the importance of market research and consumer analyses to effectively implement marketing campaigns which should result in creation of the large pool of players.</p>	
Keywords	International marketing, PESTLE, Consumer behaviour, Marketing channels, Social media, Performance marketing, User Acquisition, ASO, SEO, Localisation, Affiliate marketing, Influencers

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## 1 Introduction

The author of this thesis has been working in the mobile marketing agency, named *Rebound Mobile*, that provides various marketing services for the companies seeking expansion on the foreign markets. The idea of the company's creation was to help companies in the mobile gaming industry to overcome entry barriers and minimize the costs of penetrating the new market.

The main focus at first was on the Russian market due to the fact that most of the company's marketing specialists have gained the great knowledge of the market through many years of experience. Also, Russian market is not yet recognised as the potential growth opportunity for many of the mobile gaming companies. The main reasons why the market is not in the priority list for many of developers are the complexity and the lack of knowledge of the market. In addition to this, many of the companies are aiming to establish their presence on the Western markets first, especially US, where revenues are high and the market environment is more open with no special need for product adaptation.

However, the competition level on the Western markets are also increasing which leads to the market saturation. As a result, the costs of acquiring the users are rising, the market entry becomes unavailable for indie mobile game developers<sup>1</sup> and the revenues are mostly generated by those companies who have a good portion of the market share.

*Rebound Mobile* decided to change the perception of the Russian market in the eye of mobile gaming company showing that with the support of local marketing specialists the full potential of the market will be recognised and will serve as a benefit to the company.

The company's mission to help mobile game developers to overcome entry barriers and establish their presence in the unknown market formed the basis for the thesis topic. The purpose of this work is to underline the methods that could be implemented by marketers who are seeking the expansion, but are avoiding complex markets due to the lack of knowledge. On the basis of Russian market as an example it demonstrates the way marketing strategies should be implemented to attract user in the foreign market.

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<sup>1</sup> Indie mobile game developer - an individual or a small group of mobile game developers that is not owned by another company

## 2 Literature review

In order to review how to attract mobile game users it is essential to analyse the concepts and theories related to the industry and in particular marketing.

The literature review starts with the definition of marketing and the main purpose of developing a marketing strategy. As the main focus of the thesis is on the attracting customers in a foreign market, the concept of international marketing is also described.

In order, to give a better perspective on factors that influence consumers in international markets, consumer behaviour and the decision-making process are also presented in a form of diagrams. After analysing the decision-making process that consumer experiences, the literature review focuses on the methods of communication between the company and the customer.

As the main consumer of the mobile game is the mobile device user, the mobile marketing is the main focus of this thesis. The main emphasis of this section is on the most effective marketing campaigns which are proved to be most frequently implemented.

The final part of the literature review gives an overview of the process which aims to attract the mobile game users.

### 2.1 Defining Marketing

There are millions of mobile apps and games available for the users with different tastes and preferences, however, launching the game in the app store and making it available for the public does not guarantee that users will install it. Game developers or publishers should make their product stand out from the crowd. Marketing could help to not only attract users to the mobile game, but also to differentiate and optimize the product.

Kotler describes marketing as “a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others”. In other words, marketing helps companies to satisfy needs and wants of the consumers to the benefit of both sides. (Kotler et al. 2012: 5)

The main goal for the companies is to better understand consumers, create value and build relationships, this allows to capture value in return in form of sales and profit. To achieve this goal a company should contrive a marketing strategy that will define potential customers and decide on the value proposition. The set of marketing tools or so-called marketing mix elements that are meant for helping to implement marketing

strategy on practise and achieve its objectives. Marketing mix consists of four Ps, namely: product, price, place and promotion.

To create a value proposition<sup>2</sup> for the consumer, the company must create a product which will satisfy the need of potential customers. Moreover, it should decide on the price that consumer will pay for the offering and where the consumer can get the product from. Last, but not least, it must create an awareness about the offering and persuade the consumer that he/she will benefit from purchasing this offering. (Kotler et al. 2012: 12)

The marketing process requires a great interaction between a company and its customers to achieve mutual satisfaction as well as well-balanced and dedicated relationships between the company and its marketing partners. The creation of value and strong customer relationships leading to satisfied and loyal customers and resulting in capturing value from customers in return. (Kotler et al. 2012: 30)

Many companies look to develop international marketing strategies to identify and satisfy the needs of international consumers.

## 2.2 International Marketing

Many mobile game developers and publishers reach the desired goal of growth in the local market and decide to penetrate new markets. When a company decides to go international, its new marketing objectives should be achieved from strategies created and designed according to the features of every market.

Philip R. Cateora in his book International Marketing defines international marketing as “the performance of business activities designed to plan, price, promote, and direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit.” (Cateora et al. 2011: 10)

In other words, international marketing is the application of marketing process in more than one country. However, it is not as simple as it might seem from the first sight. Foreign markets are divers and complex with various barriers that companies need to overcome in order to achieve its main goal – profit. The main issues that most of the marketers deal with are those that they cannot control.

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<sup>2</sup> Value proposition - a reason given by a seller for buying their particular product or service, based on the value it offers customers

The greatest challenge while going international is to blend controllable variables of the marketing system (four Ps – product, price, promotion, placement) and uncontrollable elements (PESTLE – political, economic, social, technological, legal and environmental factors) in a way that the company's objectives are achieved.

Political/Legal – these factors define the level of governmental and political influence on the market. For example, the government may impose new laws or regulations which may negatively impact businesses.

Economic – these factors determine the level of influence of various economic changes inside that region. As an example, the unforeseen rise of inflation rate may force the companies to reconsider their pricing strategies

Social – these factors demonstrate the environment of the market such as cultural trends, demographics, age distribution etc. These factors help marketers better understand the consumers. For example, a cultural holiday may result in a high demand for a certain product.

Technological – these factors refer to a level of innovation in technology that may affect the product, its distribution or promotion.

Environmental – these are the factors that influence the surrounding environment. These includes weather conditions, climate change, location, pollution etc. Some factors might be crucial for industries like tourism, agriculture, manufacturing etc. (Cateora et al. 2011: 11-15)

These factors may significantly impact even a well-written and carefully thought out marketing plan as these factors cannot be predicted or controlled. For the local marketer most of the information has been obtained after many years of experience and research, but as for international market, this information has to be acquired for each new market. Even though marketers are not able to control or influence any of these factors, they must take them into account and adapt to them to achieve the most successful outcome. As PESTLE factors will vary from market to market, all the elements should be carefully analysed and interpreted in order to get a better understanding of how these factors influence and impact the environment of the market the company plans to enter. (Cateora et al. 2011: 11-15)

Research and planning are the key elements of the guaranteed success in the attempt to manage the influence of uncontrollable variables on the company's objectives, strengths and weaknesses to achieve a desired goal in the market. Well-structured plan



will benefit the product and resource allocation to increase the profits and outstand the competitors.

The successful planning must rely on evaluation of company objectives and the accuracy in defining them. Defining the objectives determine the direction of the domestic and international marketing departments. Those objectives do not always match the opportunities that a foreign market offers, thus it is essential to either adjust the objectives or discard them. (Cateora et al. 2011:339)

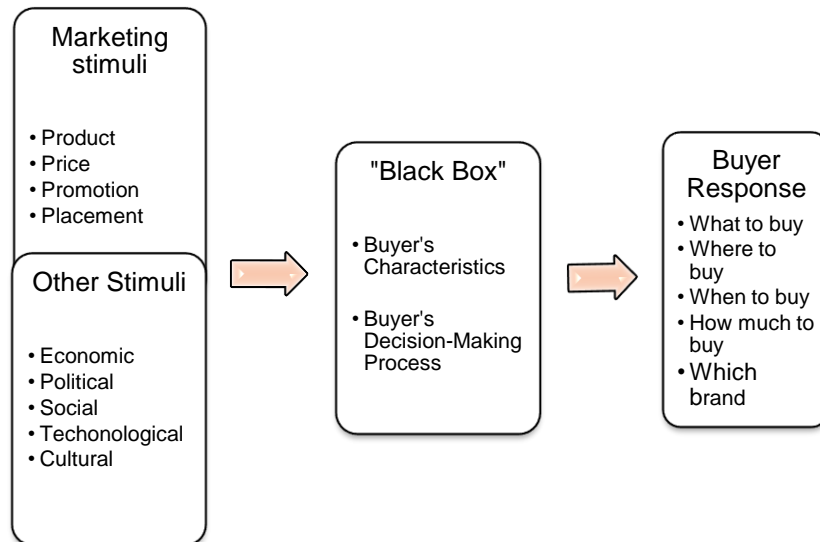
As soon as the objectives are identified, company should acknowledge whether it is worth to allocate the resource for a foreign market and would it lead to a positive return on investment. If a company after the evaluation process makes a final decision to enter a foreign market, it must determine what products to introduce, how to distribute it and what level of resource allocation to implement.

As the international markets are more complex and divert compare to domestic market, companies face numerous barriers. Besides all environmental, legal and cultural differences between the markets, consumers also differ from market to market and the main aim of the marketer is to identify and analyse the consumers and consumers' behaviour.

### 2.3 Consumer behaviour

One of the main aims of marketing is to influence a consumer and affect its buying behaviour no matter which markets the company operates in. The bigger the scope, the more challenging the task becomes. In order to efficiently and effectively influence the consumer, at first marketers should understand why the consumers behave in a certain way and how they make their purchasing decisions.

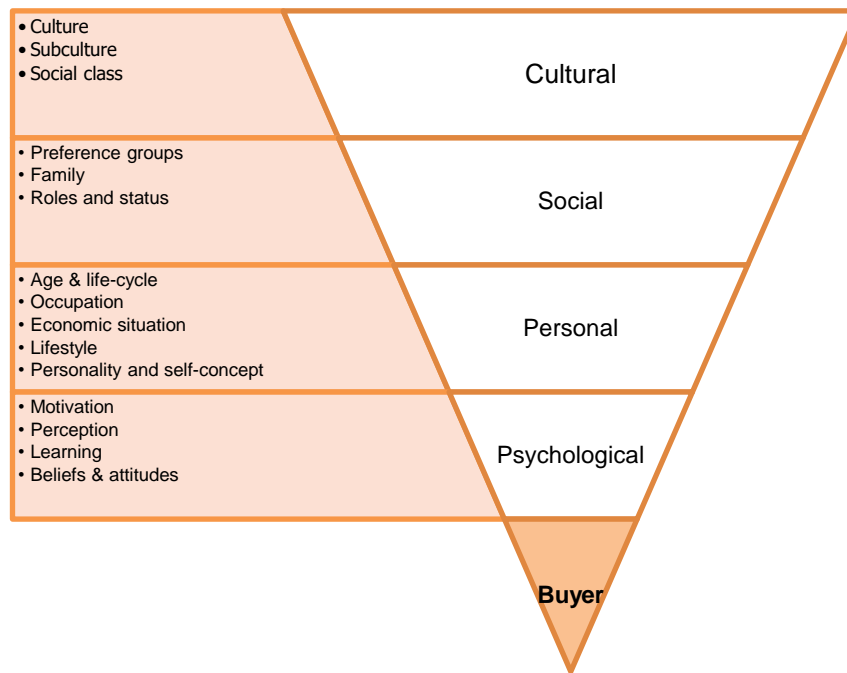
The Figure 1 Stimulus-Response model is the key or the starting point for a marketer to understand the buyer.



*Figure 1: The Stimulus-Response Model*  
*Source: (Kotler, 2012)*

In the model above, marketing and buyer's environmental stimuli enter the "black box" and form certain responses and actions. The main aim of the marketers is to identify what happens inside the black box and how these stimuli are processed in the mind of the consumers. The black box consists of two parts. Buyer's characteristics affects the perception of the stimuli of each individual buyer and as a result buyer's decision-making process influences the behaviour.

There are many different factors that affect consumers' purchasing behaviour. It could be affected by culture, social influencers, beliefs, friends, relatives, mood etc., as shown in Figure 2 (Kotler et al. 2012: 135)



*Figure 2: Factors Influencing Consumer Behaviour*  
 Source: (Kotler, 2012)

Most of the factors mentioned in the Figure 2.2 cannot be controlled or influenced but could be used by marketers in order to recognise potential consumers and make product more appealing and need-satisfying for them.

Culture is the one of the main factors that form a certain behaviour type of the individual. In fact, customers with different cultural backgrounds may not respond in a similar way to a certain product or its advertisement. Another determinant which affects consumer behaviour is Social factor which refers to family, friends, teachers, co-workers, neighbours, etc. also affects buyer's decision. Products that we come across with on the daily basis are usually the ones that are used by people we know. This might affect the decision on buying a certain product or a brand. However, purchasing decision could be also driven by the age of the consumer, his/her lifestyle, mood, occupation, financial situation and personality. Psychological factors are divided into four groups: motivation, perception, learning, beliefs and attitudes.

All the factors mentioned above have a strong influence on the buyer's decision-making process. The purchasing decision is a long process that does not only include the purchase itself. The Figure 3 demonstrates the buying process that starts with need recognition and ends with post purchase behaviour.



*Figure 3: Buyer Decision-Making Process*

*Source: (Kotler, 2012)*

While making a purchase decision, the buyer goes through all the stages and the main job of the marketers to correctly identify the behaviour of the potential customer at each stage of the process. At first, the person identifies if there is a need that the product or services could potentially satisfy. Then the need was recognised, the consumer is seeking for more information about the product/service. With all the information gathered, the consumer moves to the evaluation stage where through the comparison of several choices he/she finally makes a purchasing decision. At the final stage of the process, the consumer recognises if his/her initial expectations were met and will be either satisfied and dissatisfied. The final steps of the buying decision process are crucial for the marketers as it would have a significant impact on buyer's future decisions on whether to continue to buy this product or any other products from this brand.

As one of the first steps of decision making process is the information search, marketers should pay close attention to the information which is gathered by a potential consumer. The invention of the Internet and digital media had an impact on the way businesses were conducted and especially on marketing. The digital world granted new opportunities for consumers to search for information, to find new products, entertainment and communication. The consumer behaviour and the way companies market their products have changed dramatically.

### 2.3.1 Reviews and Feedback

Customer feedback plays a major role in the consumer buying behaviour. Once a consumer has decided to purchase a product, the company wants this person to return and turn them into a loyal customer. Feedback that consumers leave after the purchase contribute to the value of the brand, which also influence the buying behaviour of the potential customers.

A happy customer will buy a product again and will share positive experience with others about the product and the brand as well. Philip Kotler mentions that a satisfied consumer would share a good experience to 3 other people, but the unhappy consumer, would

complain to 11 people. As the negative feedback travels faster than a positive one, it could damage the reputation of the product or a company image very fast. (Kotler 2012: 286)

People will always find a way to connect with others who have similar interests or buying needs and with the help of social media it became easier to share the experiences and opinions, not only with the close friends, but with anyone who they share similar interests with. Taking this into consideration, nowadays the word-of-mouth spreads faster than ever before. (Thomas & Applegate 2010: 93)

However, the company should give the opportunity for customers to leave a feedback and to complain. This way, the company can measure the customer satisfaction and gain some ideas for improvement. As for the mobile games and apps in general, the feedback is extremely essential and the key element of success. It gives the developers opportunity to identify the performance of the app and make some actions if needed such as bugs fix, adding enhancements and releasing the updates. (Chaffey & Chadwick 2012: 145)

Product reviews on different sources can also help customers to make a buying decision. Potential customer might feel the need to make an own research and look for some independent sources for a constructive feedback from other users. This is especially important than a person has different choices of similar products and needs to evaluate these options. The reviews educate a customer about the products and help to compare them which leads to a buying decision. The customer chooses the product which can satisfy their needs the most. (Thomas & Applegate 2010: 100 - 101)

Understanding of the consumers buying behaviour and consumers's needs is the key to the successful marketing. Marketers, who understand the buyer's decision-making process and all the factors which influence it, acquire the valuable information as to how satisfy consumers' needs.

The way that consumers make their decisions has also influenced by the rise of the technology and the digital revolution. Besides the traditional marketing channels, marketers nowadays turn to the digital media channels to reach the potential consumers.

#### 2.4 Marketing communication via digital media channels

Dave Chaffey and Fiona Ellis-Chadwick in their book "Digital Marketing. Strategy, Implementation and Practice" define digital marketing as "the application of the Internet and

related digital technologies in conjunction with traditional communication to achieve marketing objectives” (Chaffey & Chadwick 2012: 10) In other words, the application of digital technologies such as mobile, desktop, laptop, tablets, etc. assists marketers in achieving marketing and business objectives.

Nowadays companies establish their presence not only offline (physical places), but also online: websites, social media, mobile apps, media websites and more. Digital marketing helps those companies to manage their online presence, acquire new customers and service existing customers.

Consumers created a more complex and more challenging buying environment than ever before. The accessibility and availability of any information online allows consumers more accurately evaluate various options. This leads to a rise of competition level among the companies and brands in the market who aim to reach their consumers. The online presence of potential customers is so significant that marketers should develop a strategy to be able to influence their consumers online. (Chaffey & Chadwick 2012: 10-11) There are three categories of media channels presented in Figure 4 that marketers must consider:

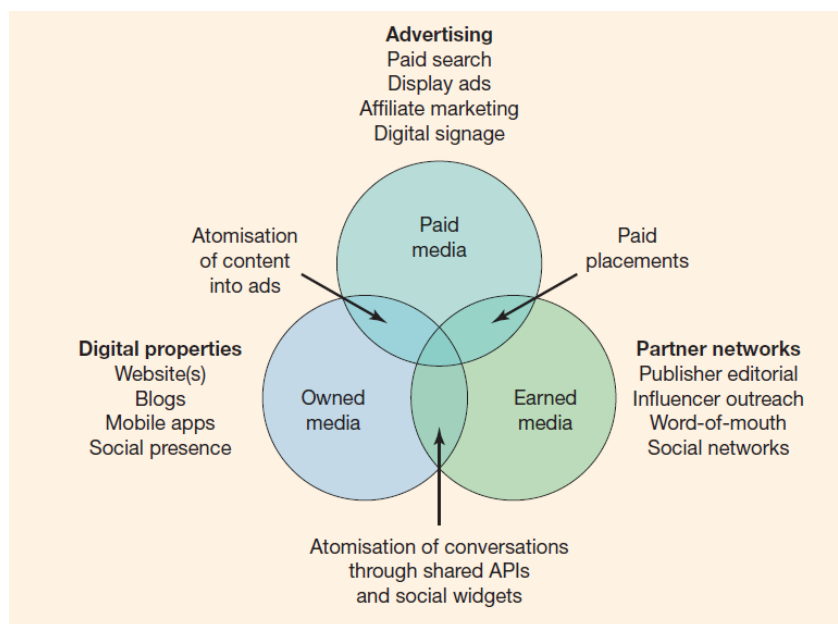


Figure 4: Three Key Online Media Types

Source: (Chaffey & Chadwick, 2012)

#### 2.4.1 Paid media

Paid media is any marketing that a company pays for. In traditional marketing it includes TV, radio and print advertising. Online, paid media is a bought search engine advertising

where company pays for visitors, reach or conversion through display ads which are usually located on websites and mobile apps, and affiliate marketing where affiliates are rewarded every time the goal is reached. (Chaffey & Chadwick 2012: 11)

This channel allows to extend the scope of digital-campaigns and increase brand awareness and purchase intention of consumers. The main target group of paid media are digital device users, who never heard of the product, but might be potentially interested in it. The main advantage of the paid media is the possibility to control it and measure the return of investment (ROI) on the marketing campaign. With the combination with other media can lead to even greater returns and reducing the marketing costs. (Burcher 2012: 10)

Paid search or Search Engine Marketing (SEM) – is the result of search engine work in the form of list with links leading to the websites that paid to be on this list. There are usually two main pricing models for the SEM: cost-per-click (CPC) and cost-per-impression (CPM). CPC model means that advertiser pays to the search engine only if the user clicks on the ad. CPM is used than advertiser pays after an ad appeared 1000 on the search engine. CPC model is usually implemented to achieve better sales goals and CPM is usually applied to raise a brand awareness. (Chaffey & Chadwick 2012: 26)

Display ads have a highest usage frequency in a paid media channel and aims to appeal to the visual senses. There are different types of display ads: banners, video ads, branding and text blocks. The main purpose of display ads is to promote the brand. (Chaffey & Chadwick 2012: 26)

Another way of promoting the brand is with the help of affiliates. Affiliate Marketing – is the media channel that involves media partners who were paid for generating the traffic or lead for a product. The publishers or affiliates who work on the commission incentives that encourage them to find different ways of promoting the product or service. The affiliates that has been chosen to promote a brand may implement banner ads, text ads, different blogs, social media posts, videos, etc., on their own platforms. The goal of affiliate marketing is to boost sales. (Borelli 2007: 17-22) The affiliate marketing is an important part of marketing campaigns for the mobile games, thus more information can be found further in this work. (See 2.5.2 Performance marketing)

#### 2.4.2 Earned media

Earned media – is the content that has been created without brand's direct participation and on the source that company does not operate. It includes social networks' posts,

blogs, press, mobile apps, retweets, reviews and word of mouth. Earned media can be developed through the partnerships with influencers, bloggers and publishers. The large number of marketers claim that earned media tends to be more trusted by the consumers thus should be an important part of the marketing mix. (Chaffey & Chadwick 2012: 11-13)

As the content usually has the recommendation factor it is extremely important on the long run perspective as it may positively or negatively affect a brand image. The earned media channel takes advantage of the power of word of mouth. In other words, the consumers take the authority of your brand image.

### 2.4.3 Owned Media

Owned media – is media that company owns, operates and controls. This consist of brand's own website, social networks presence, blogs and mobile apps. The content that has been created on company's own media source should be valuable, interesting and informative for potential and existing customers. Owned media can have an effect on consumers' buying behaviour, however, it is not considered as effective as earned or paid media. (Chaffey & Chadwick 2012: 11-13)

Even though owned media is considered less effective, it creates a solid base for the earned media. While producing own appealing content brands drive attention and create interest.

As Figure 2.4 shows, there is an overlap of all three media types as all them are interconnected and achieving this would lead to a comprehensive marketing strategy. Each of the media category has its own role and goal, it is highly recommended for marketers to leverage on all of them to make the marketing strategy more effective.

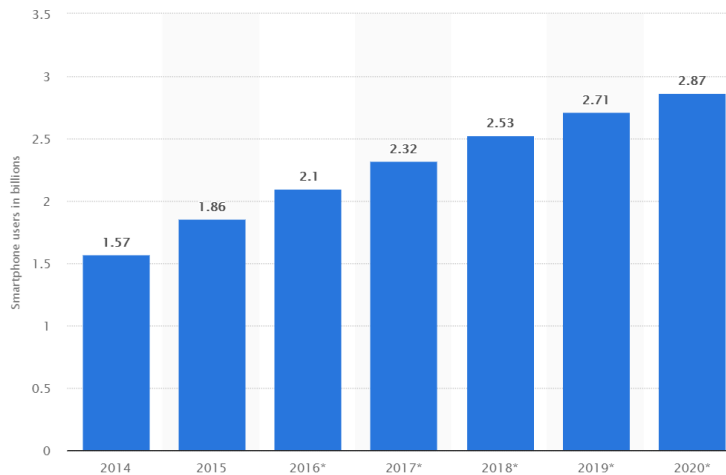
As desktop is reinvented on mobile devices, which are much smaller, personalised and more accessible the marketing has also evolved and became an interactive advertising. Mobile interactive advertising is a marketing message that are delivered to portable devices.

## 2.5 Mobile Game marketing

The statistics represented in the Figure 5 shows that the number of smart phone users is 2.32 billion and the number will grow to 2.87 billion by 2019. Considering the fact that current world population is about 7.5 billion, marketers can potentially reach 40% of the



today's population that have opportunities to download a mobile game on a device. (Statista, 2017)



*Figure 5: Number of Smartphone Users Worldwide From 2014 to 2020 (in billions)*

*Source: Statista, 2017*

Mobile game is an application for the mobile smart devices that every device owner can download from the storage of similar programmes – app stores. According to Statista.com, the App Store offered 783,269 gaming apps in 2017 compare to 631,000 in 2016 (Statista, 2017). This means that the competition is very tight and is constantly rising.

If at the beginning of the mobile game industry formation, the consumers were not as fastidious as players nowadays, who expect the game to be breath-taking and entertaining. This leads to great challenges for the mobile game marketers to create an effective marketing strategy for a mobile game.

With the rapid growth of the social media platforms, marketers should put a lot of emphases on the social media marketing. Most of the potential customers have established their presence on social media sites and apps, thus it is becoming a very powerful tool for reaching and attracting prospects.

### 2.5.1 Social Media

Developing a social media strategy is essential to draw attention to the game title and promote the brand. However, choosing the right social media tool will depend on customer segments and the market mobile game is being promoted towards at. It is highly

recommended to start with the market analysis in order to understand which social media tools will be more effective for the target consumers. (Chaffey & Chadwick 2012: 536)

Marketers use social media to achieve various goals. As social media has a viral effect, some of the marketers will use it to attract new consumers with the help of existing contacts and customers. Others, would concentrate on the affects reviews, recommendations and ratings have on the conversion rate<sup>3</sup>. In addition to this, some marketers use it as a customer engagement and retention tool. Users can also be incentivised with various promotions and product updates.

Social media strategy could be also facilitated by viral marketing. Viral marketing is the spread of information by a word-of-mouth in the form of online communication. This type of marketing strategy is effective in reaching users quickly and passing the marketing message to the large number of people. (Chaffey & Chadwick 2012: 536) However, the viral effect can be reached not only online, but also through offline media channels such as TV, radio or press.

Viral marketing is customer-centred, so it is essential at first to identify the target audience for the game, the value players would perceive while playing and analyse this data. After the targeted audience has been identified, marketers should create a content that these people would be sharing and talking about on their social media accounts. The well-thought and interesting content encourages people to search for additional information and discuss it with friends. (Marketing-schools.org, 2012)

Even though social media and word of mouth have a major impact on the popularity of the app, these are the auxiliary tools of the marketing campaign. At first the app has to be noticed, so that other strategies would have a better effect. App Store Optimization technique is the way to bring the app or game to the field of vision for the potential users.

### 2.5.2 Performance Marketing

Performance marketing or affiliate marketing is described by Dave Chaffey and Fiona Ellis-Chadwick as “the commission-based arrangement where referring sites (publishers) receive a commission on sales or leads by merchants.” Performance marketing allows marketers to measure a large number of different metrics from brand reach to conversion rate (CR). Thanks to the various advertising platforms, all the metrics can be

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<sup>3</sup> Conversion rate - the number of visitors to a website that complete a desired goal (a conversion) out of the total number of visitors.

easily tracked and reported. The data collected helps to better optimize marketing campaigns and achieve best results possible. (Chaffey & Chadwick 2012: 515)

The Figure 6 demonstrates affiliate marketing process.

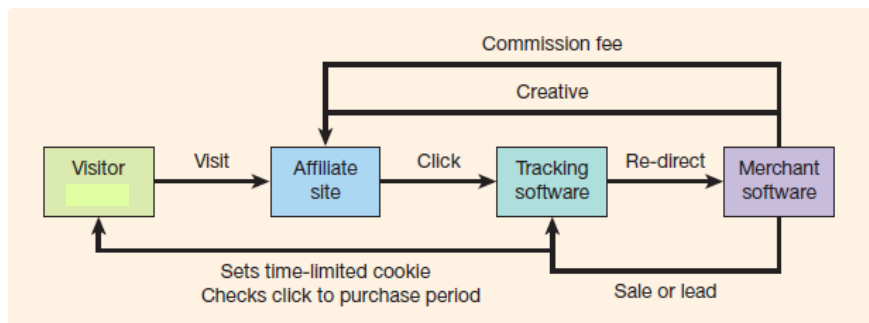


Figure 6: The Affiliate Marketing Process

Source: (Chaffey & Chadwick, 2012)

A visitor enters affiliate's site he is redirected through a link to the merchant's site. The visitor is tracked usually by cookies that are placed on the visitor's device. The main task of cookies is to collect and store the data after visitor clicks on the link or ad. If the visitor clicks on the merchant's ad, the visitor's device receives tracking parameters which include the IDs of the advertiser, the publisher, the creative ad and commission rate. This data is presented in the tracking link. If the transaction was successful and the visitor made an agreed action on the advertiser's site, the affiliate will be rewarded with the agreed amount. Affiliates (also known as publishers) use advertising methods like search engine optimization (SEO), paid search engine marketing, display advertising, e-mail marketing, publishing reviews and using blogs. (Chaffey & Chadwick 2012: 516)

The main objective of performance marketing is to decrease the acquisition costs and increase return on investment (ROI). This marketing campaigns allow advertiser to pay only when action is on place, rather than paying for clicks or impressions. It is important to monitor ROI on a regular basis after all the necessary data is collected to measure ROI. (Outbrain.com, 2017)

Finding the right affiliates could be time-consuming and requires constant attention of the marketers to manage all of them. To manage the process, many marketers use affiliate network or affiliate manager. Affiliate network is an intermediary between publishers and merchants. It helps advertisers to reach a larger audience while reaching out all the participants of the network. In addition to this, affiliate network may offer advertiser services such as tracking technology, payment processing to all the affiliates and reporting

tools. The main issue for the merchant is that affiliates could be members of several affiliate networks at a time. In this case it is not recommended to use many networks at the same time. (Chaffey & Chadwick 2012: 518)

Affiliate and performance marketing play a major role in mobile game user acquisition. It allows marketers to reach targeted audience throughout the mobile devices potential customers use. It increases awareness, brand recognition and certainly generates revenue for an app/game. However, it is essential to make some measurements of the marketing campaign to identify whether it performs as planned or requires some changes.

## 2.6 Mobile Marketing Performance Measurements

As was mentioned earlier, performance marketing allows to measure the data and optimize the campaign according to the gathered information. The main aim of user acquisition is to generate revenue and profit. The campaign performance can be tracked and measured, thus the goals of the campaign must be pre-set. This also helps to identify which channels are more effective and the ones that under perform. (Chaffey & Chadwick 2012: 515 – 519)

It is essential to measure the performance of the game title on the existing markets before considering entering a new yet unknown market. The data gathered from the game performance is very significant for marketers who aim to test the game on a foreign market. When properly analysed, it also gives marketers the insights what could be improved or changed and the base to build the strategy upon.

There are several metrics that help to evaluate the success of the marketing campaigns on the existing and at the testing stage of the foreign markets, also called Key Performance Indicators (KPIs).

### 2.6.1 Virality

One of the KPI that should be tracked and measured is virality. Virality – the product information which is rapidly spread among Internet users. Mobile games take advantage of social media and encourage users to login to the social account, invite friends, share progress and gain rewards. To measure the virality, marketers may use K-factor and the viral cycle. K-factor shows the number of users one active user has attracted to use the app while viral cycle refers to the average time of the install from a user to the install of the friend invited by that user. The higher the K-factor, the more viral the game is. (Medium, 2016)

Another important KPI that marketers should pay close attention to is Retention.

### 2.6.2 Retention

Retention – the ratio that reflects for how long users are still using an app from the moment of install. Retention rate is calculated by dividing the number of users that had at least one session a day by the total number of the installs in the given cohort<sup>4</sup>. This will help to evaluate how successful the game is in the period of time, per user. The higher the retention, the more players are engaged to the game and have higher chances to increase monetization. (Adjust, 2017)

Retention allows to better understand at which point users stop using the app and what the reasons might be. For better analyses, marketers use the most common evaluation periods such as Day 1, Day 7, Day 14 and Day 30 retention.

Day 1 retention is the metrics that most game developers worry about the most. Day 1 retention shows the number of players that return one day after install. If at least 50% of acquired users have returned to an app it is a good sign. However, if the large number of players fail to return, then there is a chance that the game underperforms, and the mechanics is not working as planned. This signifies that improvements must be implemented as soon as possible. (Vernekar, D., 2015)

Measuring the Retention rate at these stages will give an information of the players engagement. If during the first stages of foreign market entry, the retention is not reaching the expected numbers, marketers should re-evaluate the entry strategy and better analyze if the game meets the expectations of the consumers in the market. Typically, the longer players keep playing the game, the higher the chances of them to make a purchase which contributes to profit. (Vernekar, D., 2015) This leads to another important metric – Average Revenue Per User (ARPU)

### 2.6.3 Average Revenue Per User (ARPU)

In order to identify whether or not the chosen strategy is performing and monetizing, marketers use metrics such as ARPU. Average Revenue Per User (ARPU) – the revenue that each of the active user generates for the mobile game. (McCann, 2011: 222)

$$\text{ARPU} = \frac{\text{Total Revenue Generated During a Month}}{\text{Total Number of Active Users During a Month}}$$

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<sup>4</sup> Cohort - is a group of users who share some common criteria.

The higher the ARPU number, the better the app is performing. To improve ARPU, game publishers should analyse ARPU components and pay close attention to the app installs and number of monthly active users. It is crucial to understand that this metrics varies by game category and monetization models. Once ARPU is calculated it helps marketers to finalise their marketing budgets and advertising spend. If mobile users generate more revenue than the cost to acquire these users, the marketing strategy is performing well. (Skok, D, 2010)

Customer acquisition costs are essential parts of the strategy development and calculation of the return on investments (ROI). Marketers can calculate and evaluate their advertising strategy and ROI while measuring ARPU and Cost Per Install (CPI). The cost per install (CPI) is the price the advertiser<sup>5</sup> pays for acquiring a user who installed the app through the advert. To achieve better ROI, marketers should implement low CPI and assure high ARPU. (Waltz, A., 2015)

As it was mentioned above ARPU is highly dependent on the amount of monthly active users. Encouraging people to install the game would not help revenues to grow, the more important is to engage with the users to extend their lifetime in the game.

#### 2.6.4 Lifetime value (LTV)

Lifetime value is one of the most important and powerful metric in marketing strategy. LTV is profit or net benefit that company generates over the relationship with the client. Well-analysed LTV data helps to identify the effectiveness of marketing investments, the power of loyal users and the growth potential. To simplify, the LTV shows how much a new user is worth and the amount that needs to be spent to acquire that user. (Skok, D., 2010)

The calculation of LTV includes metrics as monetization<sup>6</sup>, retention and virality. Monetization is represented as ARPU value, retention is represented by the churn<sup>7</sup> rate and virality is represented by the sum of new players a user will attract to the game. However, as some companies do not have a data to calculate the virality, this part of equation may be left out (Applift.com, 2016):

$$\text{LTV} = \text{ARPU} + 1/\text{Churn} + (\text{Referral Value})$$

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<sup>5</sup> Advertiser - mobile gaming company/publisher

<sup>6</sup> Monetization - what users contribute to the app revenue that generate profit for mobile gaming companies

<sup>7</sup> Churn – the rate at which players stop to use an app in a given period. The period usually is calculated on a month to month basis

The equation helps marketers to understand how much value the average user generates. In addition to this, it allows marketers to identify the minimum amount that can be spent to acquire a new user. User acquisition costs should be less than LTV to make sure the game makes a profit and gets positive ROI. If acquisition costs exceed the LTV, the existing marketing strategies should be reconsidered. (Skok, D., 2010)

As it was previously mentioned, LTV is calculated with the help of three variables and thus have to be carefully analysed, to create a better acquisition strategy. For example, a particular user may not monetize, but the virality that this user brings will lead to more downloads and new users that will monetize better. Once the value of the user is recognised, marketers can build strategies to attract similar users.

As LTV is a metric that varies from app to app depending on the game genre and model. Companies will calculate it in their own way, using the events and proxies which they find more valuable and build their marketing strategies on their basis. (Prioridata, 2017) For instance, there are three different app business models which are shown in Figure 7.

	Premium Apps	Subscription-based Apps	Freemium Apps
Monetization strategy	Typically make profit from single purchase of an app	Generate profit every agreed period until user unsubscribe	Mostly rely on in-app purchases and advertising
LTV is tied to	Quantification of purchase price minus platform fees	The length of period user keeps buying an app, stays subscribed	Encouraging users to download the app, make an in-app purchase or view ads

*Figure 7: Determining LTV Based on the Business Model*

*Source: (Prioridata, 2017)*

As the model of free-to-play games is more complex compare to others, it is more challenging for marketers to predict and calculate the LTV for each individual user. In order to simplify the process, some prefer to observe cohort behaviour<sup>8</sup>. Cohorts allow

<sup>8</sup> Cohort behaviour – the group of users who behave the same/similar way or take same/similar actions.

to group users according to their behaviour or properties. In this way, the collected data will be easier to follow and analyse. This would allow marketers to understand more quickly when users start to purchase and how long it lasts until they stop using the game or are not motivated to spend anymore. (Amplitude Blog, 2014)

Thus, as it was mentioned earlier, LTV has tied to the relationships between revenue and retention. It is crucial for a game developer to understand the importance of LTV while creating a user acquisition (UA) strategy.

## 2.7 Mobile Game User Acquisition

Performance marketing on mobile or user acquisition states for marketing campaigns that focus on delivering installs for an app. The advertisements of an app or a mobile game only run on the mobile devices, smartphones or tablets. The main reason is that a potential user has higher chances to install the app or game from the ads seen on a smartphone rather than on a desktop.

Attracting users and delivering installs to the mobile game is the process of combining different strategies, knowledge, optimization and implementation techniques which requires investments of time and resources. Further in this section, I would like to cover main user acquisition techniques which are tending to be especially important for the mobile gaming companies who plans to enter the foreign market and attract a large group of users.

### 2.7.1 App Store Optimization (ASO)

As soon as game is available on an app store, the app becomes a part of a large pool of millions mobile games and apps. Competition is tight; thus, the main goal is to get noticed by users. Better visibility for the game may be achieved with the help of App Store Optimization (ASO) strategy. App Store Optimization is applied to get the app to the top in the app store search results. ASO helps not only to enhance the visibility, but also the discoverability of the game. (McCann 2011: 10 - 11)

In the app store games are divided into categories – genres: action, RPG<sup>9</sup>, strategy, casual, sport, arcade, etc. Game developers are mostly interested to rank the app in the category which is the most relevant to their game. To gain more visibility and drive attention of the targeted audience, game developers should develop ASO strategy where main role play keywords both in title and description of the game.

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<sup>9</sup> RPG – role playing game



The main strategy for the marketers is to achieve a great balance between adding what is relevant to the game and what the user is searching for. Keeping in mind the targeted audience, it is essential to include in the keywords main feature of the game. Specifying the game genre in the name of the title may work for some RPG or Strategy games which are one of the most popular categories in the app store. (McCann 2011: 38 – 57)

For example, with the rapid growth of Clash of Clans from Finnish gaming studio Supercell in 2012-2013, the majority of strategy games are using similar keywords: clash, kings, lords, strike, war, castle, empire etc. (See example Appendix 2)

The game descriptions of the competitors may assist in preparing own content. Other factors such as reviews, ratings and downloads may affect the position of the title in the search results, but it mostly is an effect of social media and forums. (McCann 2011: 29 - 31)

When a potential player with the help of the keywords opens a game page in the app store, their potentially pay attention to the current rating, the number of votes, reviews, description and gameplay videos or images. The more appealing it is for the audience, the better the volume of the installs. However, what is considered appealing for players in one market may not necessarily apply to another market. This is why there is a need of tailoring the game and its presentation on the app store. The process of adapting the game to the market is called localization.

### 2.7.2 Localization

As attracting the audience is the key purpose of the ASO strategy, companies should also consider the diversity of the game users in different markets. It is essential for the team to ensure that implementation of localization is a part of ASO.

Localization is the process of making a product or service more suitable for a particular country, area, etc. (Cambridge Business English Dictionary, 2018) It is vital to provide an app with a language version and cultural adaptation to better serve its users.

Localization of the app and its description on the app store is not only the process of simple translation, but also modification of the content which better suits the target audience, adaptation of text and design to fit it properly into the gameplay, usage of local formats as dates, currencies and units of measure etc. The main aim of the localization process to create a feeling that the product was specifically designed for a targeted market. Potential players are more attracted to the content which is the most familiar to them

and localization may have an impact of the download decision. (McCann 2011: 97, 106, 113 – 115)

Despite the importance of localization, the decision on the extent of localization is what managers have to agree on as costs are quite high. It is also very difficult to predict whether there would be an increase in the conversion rate after the implementation of the localized version of an app or a game. For some areas localization is the key to the better conversion rates as long as cultural adaptation results in a higher install intent. (Chaffey & Chadwick 2012: 389 – 390)

In addition to this, localized websites and app store pages appear above all in the local versions of the search engine results. As well as ASO, Search Engine Optimization (SEO) assists marketers to drive more traffic into the mobile game if the right localized keywords are used. (Chaffey & Chadwick 2012: 389 – 390)

Search engines help to redirect the potential user to the place where they can obtain as much information about the product as possible and make an installation decision. Besides the app store, search engines can redirect to other websites including game-specific website.

### 2.7.3 Website and Landing Page

Launching the game on the App Store or Google Play will not help to reach the targeted audience. The majority of game developing companies operate their own websites which intend to showcase core features of the games that the company has already launched. Some companies create separate landing pages for the game which should contain relevant keywords, social media buttons and call to actions that will redirect landing page visitors to the app stores. The purpose of the landing page is to collect data from the target audience and to boost downloads of the game.

Landing page is a page where user is redirected to after clicking on an ad or link from a referring website. This page is usually meant for delivering a message to the users which they glanced in the ad. It could be the page for a new launching game, offers or discounts and some special events. The purpose of a landing page to increase the conversion rates and brand recognition.

It is very important for marketers who are seeking to maximize the conversion rate as many of potential customers would come not straight from the homepage of the

company's website, but from a search engine or other links on the referral sites. (Chaffey & Chadwick 2012: 397)

The aims of the landing pages are to generate the response from the user, engage with the potential consumer, deliver the main brand message, answer the key questions and attract the users through SEO (Search Engine Optimization).

The attractive and clear landing pages boost the conversion rates while marketers drive traffic to them (See example Appendix 1). The landing page has at least 6 key elements:

- 1) Descriptive Video – allows potential players to receive a game descriptive message with almost no effort from their side. Videos can be promotional, instructional, educational and may include a game play demonstration. Game play videos allows users to grasp the most important information in the form of entertainment.
- 2) HD Game Play screenshots – the high-quality images with eye-catching graphic designs will grasp attention and will favour call-to-action.
- 3) Subscribe button – this feature encourages players to follow the game's updates and a way to promote any new developments to the players. This also stimulates the creation of loyal players.
- 4) Social Media icons – the opportunity to share the content on the website or landing page straight to the social media and spread the word. Also, landing page may contain a friends' invitation button that helps to create a larger pool of fans.
- 5) Game reviews – the feedback that real players leave about the game help to build trust and encourage visitors to try. It could include quotes from blogs and some good reviews from the app store. It is challenging to find the right balance and include the right number of testimonials and not overload the page.
- 6) Call-to-action button (CTA) – the action button aims to direct a landing page visitor and induce him to perform an action. On the game's landing page, the CTA button is referred as download button and leads to the app store.

In overall, the landing page is focused only on the most important features of the game and creating a unique selling proposition. It should be simple, well-designed and draw attention to the game. The main purpose of the landing page is to attract users and

induce them to the action, however, some additional information from other players may convince to install and may discourage to take any actions. (Krum, 2010: 89 – 101)

#### 2.7.4 Public Relations

The role of Public Relations (PR) is to create good relationships with media sources to help companies deliver messages to the audience. However, it is not only covering positive stories of a product or a company, it also relates to the negative events and rumours that company faces. (Cateora et al. 2011: 455 - 456)

Nowadays the best PR practices are not only based on traditional media sources, but also on blogs, online videos, news releases, communities, social platforms etc. which let companies to communicate with the users directly. Marketers have to take into account the fact that web and mobile (online sources) are the places to reach the vast majority of users and the content that they create should be adjusted according to the different interests of consumers. There should be no mass-market messages, the approach must be tailored to the market and to its consumers. Great content increase interest and calls users to action. Moreover, the better the content, the higher the chances the user will return. (Meerman 2016: 27 – 38)

One of the main components of the online PR is increasing the positive references of a product or a company on third-party online sources which have high chances to be visited by targeted users. This also help marketers in SEO as the more references there are for the website or the app store of the game, the better position it will have in the search engine listings. (Chaffey & Chadwick 2012: 505 - 515)

Another effective way of utilizing the online sources to benefit the popularity of the product is to implement the online influencer outreach strategy. The goal of this strategy is to approach the influencers such as media owners, bloggers or people with the large number of followers on social platforms and partner with them to reach the target audience. (Chaffey & Chadwick 2012: 505 - 515)

Blogs are seen as online diaries or news sources which usually include comments and reviews on a particular product. Blog posts are usually published on hourly, daily, weekly basis to retain the interest of the readers. They also vary in format, for example: video, podcasts, photo and community blogs. (Meerman 2016: 78 – 87)

Videos are one of the easiest ways for consumers to understand the product rather than reading through long articles. Video blogs may focus on tutorials, overviews of the

product, comparison of the competitors or focus on the brand itself. This potentially could lead to the higher awareness and to the large inflow of the users of the product if the video goes viral and gets shared on social networks.

From a PR perspective, social networks play a significant role in helping the marketers to identify current trends and implement this in creating the PR campaigns. They also serve target audience as a tool to search for recommendations and opinions through discussions. In addition to this, social networks are also used to leave feedback which may have a major impact both positive and negative on the product and the brand itself. (Chaffey & Chadwick 2012: 505 - 515)

The importance of public relations is even higher when a company is seeking for international growth and expansion. Foreign markets might be more diverse, and complex compare to the domestic one. It is essential to adapt and tailor PR strategies to the market. It is also recommended to hire a PR consultant or a firm who could assist in establishing the campaigns at the first place for the unknown market. (Cateora et al. 2011: 455 - 456)

Overall, public relations campaigns are aimed to drive the attention to the product and attract target audience which results in high volumes of installs and potentially in revenue.

Mobile gaming industry is combining the traditional marketing strategies as well as creating the new techniques and tools to stay competitive and deliver the best value to the users. The main goal for mobile game marketers is to follow the industry trends, stay up-to-date and implement strategies which better comprehend both mission and vision of the company, its' products and targeted audience. There are numerous tools and metrics that can help to achieve the set-up goals in a short period of time if used and analysed wisely.

There are no specific instructions of how mobile developers should promote their products and penetrate new markets. The best way is to test, implement, risk and analyse, to learn from themselves and the competitors.

### **3 Methodology**

The methodology section of this thesis focuses on a research aimed to facilitate and gain the knowledge of methods to attract mobile game users in a foreign market.

Research is a process of steps used to collect and analyze information to increase our understanding of a topic or issue. (Creswell, 2012)

The research types are mainly divided into two categories: qualitative and quantitative. Qualitative research is based on the information gained from non-numerical data such as words, feelings, observations, interviews, analyses of texts and visuals, open-ended surveys, etc. On the other hand, quantitative research is focusing on describing and solving a problem with the help of numbers, collection of numerical data and analysing process. (Herbst & Coldwell 2004: 13-15)

The data collection for this thesis was conducted according to the qualitative research methods to gain essential knowledge on various approaches that marketers may implement while entering the new unknown market. In order to gather this information, the in-depth interviews were conducted. The in-depth interview questions were formulated according to the information stated on the literature review of this thesis.

Methodology was conducted on the basis of interviews with marketing managers of two mobile gaming companies. Alicia Zhu the marketing manager of *Tap4Fun* and Abby Lv from *Long Tech Network Limited* were interviewed to assess the marketing methods implemented to attract mobile game players in Russian market. The interview questions were structured to cover companies' intentions to penetrate Russian market, understanding of the targeted market and its audience and marketing strategies.

In-depth interviews are a qualitative research technique with a purpose of exploring a particular situation in detail while asking the research questions from a small number of respondents. Researcher has a control of the process and has an opportunity to clarify the information if needed. The questions are usually open-ended to allow interviewee to include as much necessary information as possible to cover the research topic. (Boyce & Neale, 2006)

The interviewees were asked similar questions to compare the results and to gain a better perspective of the actual situation. The Chinese companies were chosen due to the high interest of these companies in penetrating the Russian market.

## 4 Results

The results section is focused on demonstrating the implementation of marketing strategies on foreign market based on the in-depth interviews of two Chinese companies which recognised the potential of Russian market. (See questions in Appendix 3)

#### 4.1 Russian Market

Based on the interviews with Alice Zhu and Abby Lv mobile gaming industry in China is growing so fast due to the large number of population and allows companies to gain instant revenues from the Chinese users. This is the reason why companies who have succeeded in the domestic market decide to move across the borders and penetrate new markets.

Nowadays Russian market is considered one of the most attractive in the industry for the mobile gaming companies who are seeking for international expansion.

The main reason for the interest in the Russian market according to the interviewees is the large pool of users as 75% of mobile users are gamers. Russia is currently number one market in Europe by downloads and holds 11<sup>th</sup> place in the world by revenue generated in 2016 worldwide as shown on the Figure 8.

RANK	COUNTRY	POPULATION (M)	ONLINE POPULATION (M)	TOTAL REVENUES (M\$)
1	CHINA	1,382.3	788.8	24,368.8
2	USA	324.1	293.6	23,598.4
3	JAPAN	126.3	117.6	12,447.6
4	SOUTH KOREA	50.5	44.6	4,047.3
5	GERMANY	80.7	72.4	4,018.7
6	UNITED KINGDOM	65.1	61.1	3,830.2
7	FRANCE	64.7	56.7	2,737.9
8	SPAIN	46.1	37.6	1,812.0
9	CANADA	36.3	32.8	1,792.2
10	ITALY	59.8	41.3	1,742.1
11	RUSSIA	143.4	110.1	1,414.4
12	BRAZIL	209.6	136.4	1,274.8
13	AUSTRALIA	24.3	21.5	1,199.7
14	MEXICO	128.6	67.0	1,125.8
15	TAIWAN	24.0	21.1	987.8

*Figure 8: Newzoo Global Games Market Report 2016*

*Source: (Newzoo, 2016)*

Figure 9 shows main three key metrics characterizing mobile environment in Russia which attracts numerous foreign mobile game developers. This market also a great choice for those publishers who are seeking for the opportunities to test their new titles, to identify any problems and bugs, to fix the issues before launching the apps in more demanding markets such as the USA, Asia and Europe.

### *High Installs Rates*

- 5th largest market in the world by combined iOS and Google Play downloads
- Russian users make more than 300 million downloads

### *Low CPI*

- Varies from \$0,5 for non-gaming apps to about \$1,3 for games
- 2-3 times cheaper than in USA

### *Reasonable ARPU*

- Russia ranked the 11th among 100 countries in terms of the revenue
- The average annual gamer's expense exceeding \$40
- Profit forecasted to reach \$1.5 billion in 2018

*Figure 9: Main Metrics Categorizing the Russian Market*

*Source: Mobihunter.co, 2016*

In-depth interviews demonstrate that both Chinese companies have decided to put their focus on this market for a reason and have conducted some research before deciding to penetrate it. To understand which marketing campaigns to implement both respondents mentioned the analyses conducted to identify the factors influencing the Russian mobile game players' behaviour. The research allowed companies to build up strategies which aimed to attract users in the market.

#### 4.2 Mobile Game Players in Russia

While differentiating the foreign game users from domestic ones, demographics doesn't play a major role compare to other industries. In mobile gaming industry the dominant age group is from 26 to 45 years old and man players prevail over female, however the difference is not significant.

The behaviour assessment starts from the games genres that are mostly popular in Russia and the gameplay which would be the most attractive for the players.

Both Alice and Abby mentioned that Strategy and RPG games are the most played games (around 60%) which are related to action, battle, and competition. If the title provides a player with all of these, it has high chances to gain approval.

In addition to this, an important factor that influences Russian players is the localisation which was mentioned during both interviews. Figure 10 demonstrates that Russian localisation has been implemented by both *Tap4Fun* and *Long Tech Network Limited*



mobile gaming companies in their titles. The size of the market and the lack of English knowledge makes it extremely important to offer a localised version of the mobile game to the users. Only 5-10% of Russian's population are fluent in English and around 20% of population have at least some knowledge but would require using a dictionary. Those who have some knowledge of the language are between 18 – 24 years old. Taking this into account, non-localised version of the game would not attract Russian audience no matter how successful the marketing campaign would be.

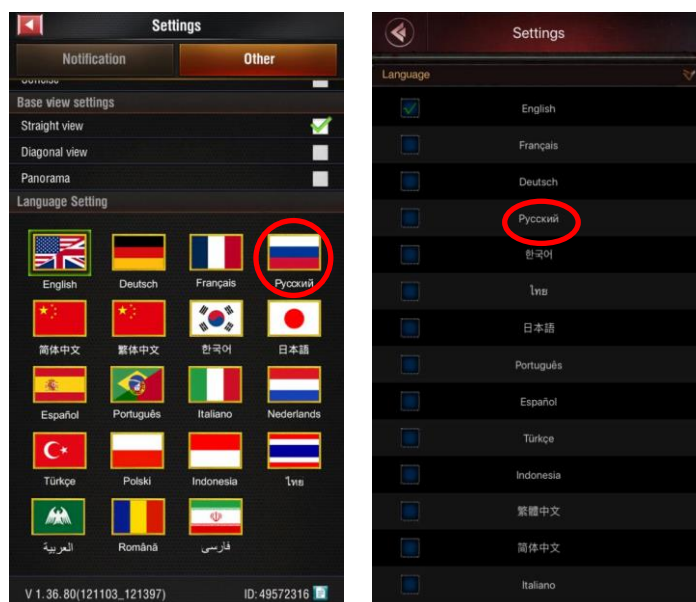


Figure 10: Russian Language Localisation

Source: *Invasion: Modern Empire* (left) and *Last Empire – War Z* (right) mobile games, 2018

Both respondents confirmed that choosing a local translation company to perform the translation work is the best option. Moreover, they recommend that the development team also makes adaptation of the game's plot and art design to better suit the Russian market and its cultures. Russian players are claimed to be more fastidious and unpredictable. Some games that were successful on the Western markets were never accepted by Russian players.

However, Alice also mentioned that Russian players are incredible loyal once they start to trust the company and the product. Winning the trust is the key to retaining the user and to the overall increase of return on investments (ROI).

### 4.3 Marketing Channels

In-depth interviews demonstrate that marketing channels should be thoroughly chosen. Most of the marketing channels used on the domestic market cannot be applied to attract Russian audience. The decision on what channels to implement is usually based on the experience and tests that marketers conduct than entering the market at the first place. Both companies decided to ask for the assistance and guidelines from local specialists who have a greater knowledge and understanding of the market.

#### 4.3.1 Social Media Platforms

Local social media platforms prevail over world's largest social networks such as *Facebook* and *Instagram*. The most popular social media platforms among Russians are *VK.com*, *OK.ru* and *Mail.ru*. Figure 11 demonstrates the distribution of the audience throughout most popular social networks in the market.



Figure 11: Audience Distribution of Russian Social Networks

Source: TNS Web-Index Russia, 2016

In addition to this, the gender distribution also depends on the social platform. Female users mostly prefer *Odnoklassniki* and *Instagram* whereas males tend to use *VK* and *Facebook* more.

Social media websites help to promote the game in the market and attract new users. With the help of these sites, marketers can optimize the adverts to specifically reach the target audience. For example, *VK* offers to set up variables such as the placements of adverts, budget, payment methods, themes, age of the targeted group, geography, demographics, audience interests, education, work placements etc. for better targeting.

If correctly selected, these parameters lead to better conversion rates as adverts are displayed to the relevant audience. These users have higher chances to click on an advert and install the mobile game.

Besides social network sites respondents also mentioned the great influence of *YouTube* and its bloggers. Statista also justifies this trend as 63% of population in Russia have an active account with *YouTube*. (Statista, 2017)

Mobile game advertisements through platforms like *VK*, *Odnoklassniki* and *YouTube* are found to be the most effective and attract high number of users. For example, on *YouTube* games category is one of the most popular and contains millions of games tutorial and review videos. Moreover, it also serves as a great tool of user acquisition. It has been also mentioned during the interview that this channel attracts larger portion of users compare to social media sites. It could be due to the video content which people watch more attentively and tend to remember most of the information presented to them.

#### 4.3.2 Created Advertising

Creating an advertising content is another challenge that marketers face in Russia. Interviewees mentioned that the content of adverts is a key to attract players in the market. Creative advertising or also called creatives communicate the core message of marketing to the targeted audience. Creatives are the artwork specifically designed to fit into an advert.

Abby called the attention to the fact that banner ads are no longer the best ad format for the audience. In fact, Russians seem to get easily annoyed by seeing them and most likely will ignore them.

Whereas video and native adverts deliver more complex ideas and engage better with the audience. For example, native ads are integrated to the platforms in a way that the user may not even notice the difference between an ad (advert) and in-feed content. Mostly used in *Facebook*, *Instagram* and *Odnoklassniki*.

Figure 12 shows the example of native ad for *Last Empire - War Z* which was similarly performed to target Russian audience.



Figure 12: Native Ad for Last Empire - War Z

Source: Facebook, 2016

In VK ads are usually not integrated and displayed on the left side of the news feed (See example Appendix 4). The ads are usually seen as shown on the Figure 13 where the text is the main focus, thus it should be very attractive to the audience.

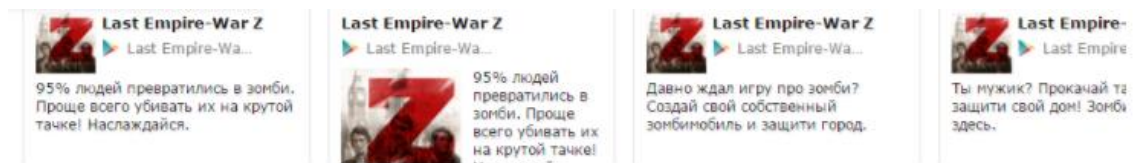


Figure 13: VK Ads for Last Empire - War Z

Source: VK.com, 2017

Some platforms especially mobile apps and app stores, will display an ad in the full size with minimum text, to visually attract players. These adverts mostly include the real gameplay on the background and main heroes on the front. Figure 14 demonstrates some examples of these creatives which are also localized to better perform in the market.



Figure 14: Localised Creatives for Last Empire - War Z

Source: Android App Store, 2018

Despite the placements of the creatives, the message should be clear and provocative that potential users will be attracted to.

#### 4.3.3 Influencers

The interview respondents expressed the great appreciation of influencers such as bloggers and communities that drives attention to the games in the Russian market. They are keen to create marketing campaigns throughout the cooperation with trustworthy sources. As it was previously mentioned, trust is the key to a success. Relationships with Russian audience develop gradually and are always based on trust. They tend to trust those who share similar cultures, mentality and interests.

This is also the reason why influencers play a greater role in marketing campaigns specifically design to target Russian audience. There are numerous communities on social networks sites, especially VK, which are normally used to share experience, interests and recommendations. In that way, it would be beneficial to cooperate with them to attract large volumes of players. Usually one community page has more than 200 000 subscribers, who follow the trends and are open to try something new.

Alicia also referred to influencers who are not directly have connections with mobile gaming industry. Some other industries may be also considered as partnership opportunities. If the target audience of both parties is nearly similar, both may benefit from cooperation. Influencers can be also reached with a help of affiliate networks.

#### 4.3.4 Affiliate Networks and Media Buyers

During the in-depth interview, both respondents agreed on the fact that it is hard to identify and cover all the quality sources which can bring traffic to their mobile titles. Thus, they also seek assistance from affiliate networks and media buyers which have better media coverage.



In Russia there are several affiliate networks that demonstrated high results in acquiring new users that include: *Clickheaven*, *Madhouse*, *Mobihunter*, *Mobio*, *Wakeapp*, *Zorka.Mobi*, *Adsup*, *Mobisharks* and *Rocket 10*. These networks usually provide wide range of services including traffic selling, Public Relations campaigns (PR), App Store Optimization (ASO), Search Engine Optimization (SEO) and boosting campaigns.

As they also work with CPI and/or CPA models, both respondents confirmed that such campaigns are more attractive to marketers as the advertiser pays only after the agreed goal is reached. Usually the agreement is reached beforehand and indicates the start and end dates of the campaign, amount of the installs promised, quality of the installs and range of services provided.

The attractiveness of such campaigns is determined by the costs of acquiring new users in Russia which are relatively low compare to the Western markets. Thus, it allows marketers to achieve greater volumes by affordable prices.

Figure 15 demonstrates the average CPI in Russian in comparison with other markets in the beginning of 2017.

**Average CPI in Russia and other regions**  
(in USD, H1 2017)

Region		
	iOS	Android
USA	2.2	1.9
Western Europe	1.75	1.45
China	1.5	1.3
Russia	1.2	1.05

Source: Zorka expert estimate

Figure 15: Average CPI in Russia and Other Regions in 2017

Source: (Zorka Mobi, 2017)



Interviewees clarified that using the affiliates also benefit their search engine results and ranking positions on the app stores. This helps to drive attention to the app and increases the organic downloads. The game becomes more noticeable and popular among the users which is especially important for the foreign companies. Both interview respondents endorse the fact that campaigns performed via affiliates were a great base for their fully-fledged marketing campaigns.

PR campaigns on the other hand, have little financing due to the difficulty of measuring the effectiveness and challenges to find the right PR channels. Even though affiliates offer PR campaign as a part of their service, the cost are extremely high and seem to underperform compare to other marketing methods.

In overall, the companies claim that affiliate marketing is the most convenient and effective promotion tool for their products. However, it is extremely essential to be active on social media and fan-pages which are proved to be a great feedback channel for players and a useful engagement tool.

## **5 Conclusion**

Interviews with the representatives of the mobile gaming companies demonstrated that a need to enter a foreign market has to be recognised according to the company's strategies, resources and capabilities.

Before entering the desired market a necessary research and market analyses should be conducted in order to acquire a valuable information on the market, its consumers and the market environment. It is also recommended to ask for assistance from the local specialists whether a company or an individual. This would ensure a better research results as local specialists have valuable knowledge of the market, its trends, consumers, culture and mentality.

The research information should be always tested to identify if the product suits the market. In order to increase the chances of product acceptance, mobile gaming companies should adapt the product to better fit the market requirements. Based on the research results, marketers are able to identify which level of adaptation to perform on their product. If the market is complex enough and requires the product adaptation, the localisation should be implemented. Localisation includes not only the translation of the text, but also design of the game, main characters and formats that better correlate with users' culture and mentality.

As soon as the product becomes more appealing for the targeted audience, marketers should develop marketing strategies that would be more suitable for their goals and will not conflict with company's values.

It is essential to deliver the right message to the potential user with the help of different marketing channels. Marketers should correctly identify what channels would work the best with the product. It is essential to measure the performance of all the marketing channels executed in the campaign. In this way, marketers can analyse gathered data and make a decision on prioritising the channels. In addition to this, the interview with mobile gaming companies indicated that marketing efforts which are widely used in other markets, do not necessarily show desired and expected performance. On the other hand, channels which are less implemented on the domestic or other markets, can potentially demonstrate better results and high conversion rates.

In overall, there is no concrete path that marketers should follow that will help them to attract users in the new yet unknown market. The best way is to analyse the market and its consumers to identify which strategy to implement. It is also recommended to ask for the local support from agencies or marketing specialists to ensure the success of the marketing campaign.

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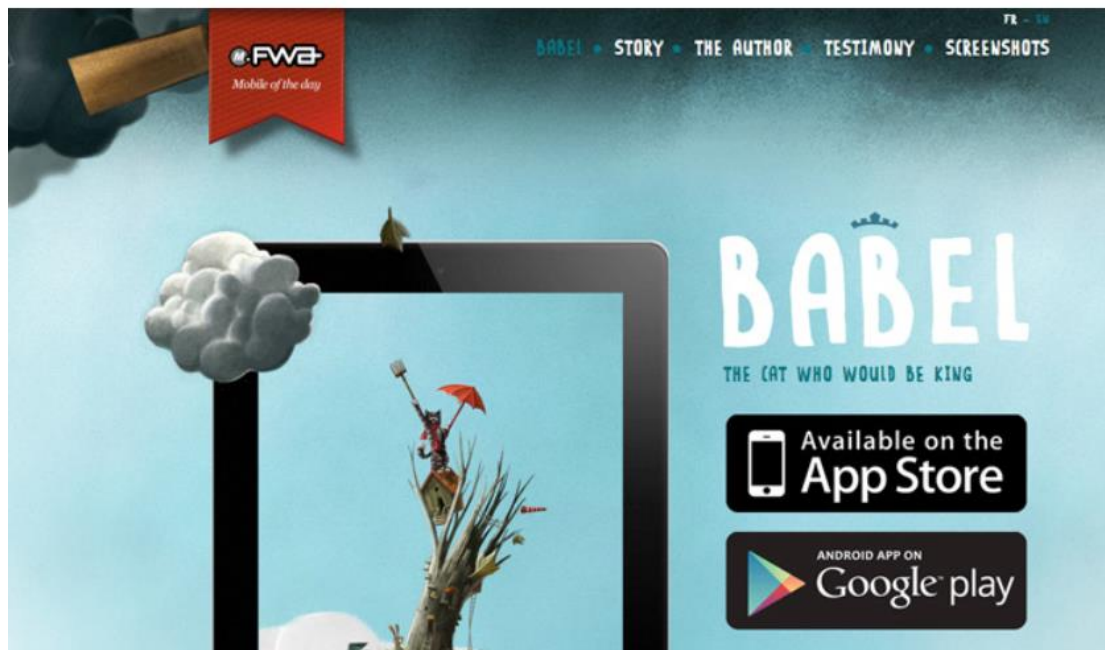
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## Appendix 1: Landing Page



## Appendix 2: Titles of the games in Top ranks in the App Store

#	App	Grossing Rank
1	 <u>Final Fantasy XV: A New ...</u> Epic Action	1 =
2	 <u>Lords Mobile</u> IGG	2 =
3	 <u>Clash of Clans</u> Supercell	3 =
4	 <u>King of Avalon: Dragon ...</u> FunPlus	4 =
5	 <u>Clash Royale</u> Supercell	5 ▲ 1
6	 <u>Guns of Glory</u> FunPlus	6 ▼ 1
7	 <u>Clash of Kings – CoK</u> Elex Technology	7 =
8	 <u>Mobile Strike</u> Epic War	8 =
9	 <u>Evony: The King's Return</u> Top Games	9 =
10	 <u>Army Men Strike</u> Lunanova	10 =

10	 <u>Army Men Strike</u> Lunanova	10 =
11	 <u>Game of War - Fire Age</u> MZ	11 ▲ 1
12	 <u>War and Order</u> Camel Games	12 ▼ 1
13	 <u>Vikings: War of Clans</u> Plarium	13 ▲ 1
14	 <u>Invasion: Modern Empire</u> Tap4Fun	14 ▲ 2
15	 <u>Castle Clash</u> IGG	15 =
16	 <u>Ark of War - AOW</u> Seven Pirates	16 ▼ 3
17	 <u>Forge of Empires</u> InnoGames	17 =

## Appendix 2: Interview Questions

1. Why did you decide to penetrate Russian market? What was the most attractive about it?
2. How would you distinguish Russian mobile game market from your domestic one?
3. How would you describe Russian audience and players?
4. Which factors you can name that influence the Russian audience the most?
5. What are the main challenges that most of the foreign companies experience in the market from your point of view?
6. What channels did you use to market your game in Russia and attract new users?
7. What would you consider as the most essential part of the marketing campaign without which the game cannot be successful?
8. Which marketing channels demonstrate better performance and higher conversion rates (CR)?
9. In some markets companies prefer not to use affiliate networks due to the low trust level and less control over. Would you say the same about Russian market?
10. Do you use affiliate networks to facilitate user acquisition campaign? How would you assess their performance?
11. Which type of creatives have better CR and attract the most users?
12. How about social network sites? Do you mainly use Facebook, Instagram and Twitter? Which social network sites are the most popular among Russian population?
13. How social networks are implemented into the marketing campaigns?
14. Do you also implement any PR campaigns?
15. Did you use any local support, or you decided to rely on own experience and running the tests?
16. What are your main recommendations for companies seeking for foreign market penetration especially in the Russian market?



### Appendix 3: Adverts displayed on VK.com

